

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 7003 - HB 7002**

January 20, 2021

**SUMMARY OF ORIGINAL BILL:** Creates the Tennessee Literacy Success Act (Act). Requires each local education agency (LEA) and public charter school to provide foundational literacy skills instruction, annually administer three universal reading screeners to students in kindergarten through grade three (K-3), and provide reading interventions and supports for students in kindergarten through grade five (K-5) who are identified as having a significant reading deficiency. Requires the Department of Education (DOE) to provide the universal reading screener at no cost to LEAs. Requires each LEA and public charter school to adopt and use certain English language arts textbooks and instructional materials, unless a waiver is granted by the State Board of Education (SBE). Requires each LEA and public charter school to provide home literacy reports to parents of students in K-5 who are identified as having a significant reading deficiency.

Requires DOE to develop at least one, free professional development course on foundational literacy skills instruction that is available to teachers in K-5; a foundational literacy skills instruction course and accompanying instructional materials used by high school students participating in a teaching-as-a-profession career pathway; and foundational literacy skills standards for use by all educator preparation providers.

Requires the Office of the Comptroller of the Treasury (COT) to conduct a review of the English language arts textbooks and instructional materials and submit a report no later than May 1, 2023. Requires the COT to conduct an annual review of all foundational literacy skills plans proposed by LEAs and submitted to DOE to ensure compliance, beginning in November 1, 2021.

Requires DOE, in partnership with SBE and the Tennessee Higher Education Commission (THEC), to provide multiple reviews and reports regarding the implementation of this Act, the literacy skills grant program, and a complete review of literacy in Tennessee, with such reviews and reports due at various time between December 31, 2021 through July 1, 2024.

**FISCAL IMPACT OF ORIGINAL BILL:**

Increase State Expenditures - \$535,200/FY21-22 and Subsequent Years

According to the Department of Finance and Administration, Division of Budget, the Governor's proposed budget for FY21-22 recognizes a recurring increase in state expenditures from the General Fund in the amount of \$1,000,000, beginning in FY21-22.

**SUMMARY OF AMENDMENT (001971):** Deletes and replaces language of the original bill such that the only substantive change is to require DOE to post the foundational literacy skills plan approved for each LEA and public charter school on DOE's website.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

*Assumptions relative to the universal screener:*

- The proposed legislation requires DOE to provide a universal reading screener to LEAs at no cost.
- According to DOE, a universal screener is currently being developed as part of support provided to districts and part of previously approved budget expansions. DOE is leveraging Elementary and Secondary School Emergency Relief funds in the amount of \$3,000,000 to support development of the universal screener. Such expenditures are independent of and will be incurred in the absence of this legislation.
- It is estimated that annual maintenance and other operational costs for the universal reading screener would occur in the absence of this legislation, as such screeners are currently being developed in its absence and would be utilized as a support to districts; therefore, any increase in state expenditures directly attributed to this legislation for such maintenance is considered not significant.

*Assumptions relative to training:*

- DOE issued Request for Proposal (RFP) #33101-2005933105FAS5 for educator training in foundational reading skills for pre-kindergarten through grade four (pre-K-4). This RFP:
  - Seeks to procure training for up to 11,000 teachers, library specialists, and school principals serving any of the grades pre-K-4;
  - Requests a two-course training sequence to address (1) foundational reading skills and the scientific research on how they develop, and (2) instructional methods for developing foundational reading skills using a sounds-first approach;
  - Establishes that course one is to be delivered virtually and asynchronously, while course two is delivered in person at state-selected sites; and
  - Has an initial contract term of one year, with two one-year options to renew and a maximum liability of \$8,900,000, with an estimated rate of \$400,000 - \$500,000 recurring each additional year, if renewed.

- According to DOE, this RFP is not connected with the Act; however, DOE may use elements of the procured training within this RFP to support and align with the provisions of this Act.
- DOE will require six additional positions to support the operational needs of the Tennessee Literacy Success Act. It is anticipated that the additional staff will be split between DOE's Standards and Materials and Human Capital Teams and will support districts and assist with education preparation and licensure.
- For the Standards and Materials Team, DOE will require one Senior Executive Director position and three Education Consultant 4 positions. For the Human Capital Team, DOE will require two Education Consultant 4 positions. It is estimated that the positions will have the following costs:
  - \$126,024 (\$98,000 salary + \$23,024 benefits + \$5,000 overhead and supplies)
  - \$409,145 [(\$60,100 salary + \$16,729 benefits + \$5,000 overhead and supplies) x 5 positions]
- The total cost for additional DOE positions is estimated to be \$535,169 (\$126,024 + \$409,145) in FY21-22 and subsequent years.
- The additional staff will develop an online, asynchronous training to meet the training requirements of the proposed legislation. Any increase in state expenditures associated with such development will be not significant.

*Assumptions relative to reports and reviews:*

- The COT will conduct a review of textbooks and instructional materials adopted for use by each LEA and public charter school to ensure that such materials are aligned to the academic standards adopted by the SBE by May 1, 2023 utilizing existing staff and resources.
- The COT will conduct an annual review of the foundational literacy skills plans submitted by LEAs and public charter schools to the DOE to ensure such plans comply with the requirements of the proposed legislation and any rules promulgated by the SBE, and submit a report by November 1. The COT will conduct this review utilizing existing staff and resources.
- The DOE, SBE, and THEC will produce multiple reports on the implementation of this Act from December 31, 2021 through July 1, 2024 utilizing existing staff and resources.
- Any fiscal impact to state government for the review and production of the required reports is consider not significant.

*Assumptions relative to local government:*

- Under the Response to Instruction and Intervention (RTI<sup>2</sup>) framework, LEAs currently conduct screenings three times during the school year.
- Per the provisions of the proposed legislation, LEAs and public charter schools may comply with the requirement to provide the universal reading screener to students three times a year by providing the RTI framework interventions.
- It is reasonably assumed that even if LEAs and public charter schools opt to conduct screenings utilizing the new universal reading screener, such screenings will be

accomplished utilizing existing staff and resources; therefore, any increase to local expenditures is estimated to be not significant.

- No later than January 1, 2023, all English language arts textbooks and instrumental materials must be aligned to the academic standards established by the SBE. New textbooks were adopted last year. If a district opts to purchase new textbooks per the provisions of this legislation, BEP funding may be utilized; therefore, any increase in local expenditures for purchase of books is considered not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive, flowing style.

Bojan Savic, Interim Executive Director

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